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THE VICTORIAN WORK CO-OPERATIVES' NEWSLETTER

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EDITORIAL

Dear co-op worker and friend,

This is the pilot edition of the promised newsletter for the Victorian group of work co-operatives.

We hope you will find this the first step towards a very necessary dialogue. There is much that has been left out, and much that is only tentative and exploratory in the material we've put together here. If you feel prompted to agree or disagree with the points of view, or if you have information and ideas to share, let us have your material in publishable form.

Find the Name

We've come to the conclusion that trying to find a name for this newsletter is no easy task. The striking characteristic of the Victorian work co-operative movement is its variety. What exactly is a 'work co-op'? Is it appropriate to refer to a worker co-op, given the current Co-operation Act, and given the community make-up of most of the participating co-operatives? All of these questions come to a focus in trying to find a suitable name for our publication.

This month's competition, then - for which the prize is only fame - is to find the name for the newsletter. Remember, Linkwork would be too derivative.

So, how about it? Anything would be better than the safe title we've used this time.

Joining the Federation

The auspices of the Co-operative Federation of Victoria, with Bill Rawlinson's good work, are some of the most valuable assets the co-operative movement possesses.

The idea of co-operatives as a worthwhile response to unemployment has a good backer in the Federation. Its fast-appearing potential, as an organising and advisory centre, and as a focal point for implementing state programs of assistance, is indeed great.

Several months ago we agreed to join the Federation, and form a special interest within it. Since then the Federation has put in a prodigious effort on our behalf. Tony Gill is now on the Federation's council as our representative.

So far, though, only three out of the dozen or so work-oriented community co-operatives in Victoria have signed up.

Need any more be said?

## A RATIONALE FOR THE NEWSLETTER

The Brunswick Work Co-operative describes how it sees the role and purposes of a newsletter such as this, in the context of a work co-operative movement.

### Unity and coherence

We perceive at least two important functions for this newsletter, the major aim of which is to promote the unity and coherence of a growing movement in Victoria and elsewhere.

### Basic information needed

First the need is obviously there to distribute basic information on individual co-operatives - events, changes, progress and failures, particular make-up, character and resources. A most interesting feature of work co-ops in Victoria is in fact the sheer variety of projects coming together under the broad umbrella of a response to unemployment. It isn't simply a case of "it's nice to know what everybody else is doing", but rather of strengthening the political presence and bargaining power of disadvantaged people through mutual understanding. A newsletter such as this assists the feeling of continuity, of active work being done in those gaps between meetings.

### Co-operative education

Most of the work-oriented co-ops are young, in terms of experience and achievement. The co-operative movement is younger still, and has its roots in the struggle to meet some immediate needs. Within each co-operative really only a beginning has been made, in terms of grappling with those immediate problems and of leaving reflection and forward planning till one "gets on one's feet".

We have found two major areas need developing, need thinking about and a great deal of patient discussion and learning. First, there is the question of the day-to-day running and management of a co-operative

activity. It's a truism to say we're short on simple management skills, as well as resources. Second, a great deal remains to be cohered and given shape in that vague and somewhat touchy area of 'understanding what we're on about'. For instance, why one chooses to work in a co-operative, as opposed to any other work structure. Why it seems to be an appropriate response to unemployment in general - not only to youth unemployment.

### History and politics

The Victorian work-oriented co-op movement hasn't come out of nowhere. It's pertinent to ask questions about the history of co-operatives, both here and overseas; and to ask questions about the current rise in popularity of co-operatives in widely differing political circles.

### Shortages and self-help

Mutual education and reflection are usually the first victims of a shortage of resources, the pressures of time and the demands of circumstance. In times of stress, rational debate appears merely academic, and talk merely hot air.

We all hope that the proposed program of assistance from the state will go some way to easing those pressures. But for our own sakes we should try to put into practice some of the self-help objectives we've written into our separate co-ops, and help ourselves to educate ourselves. Forethought and discussion could make all the difference between survival and disaster in a complex political climate.

We hope this newsletter will begin that very necessary process.

## WORK CO-OPERATIVE PROFILE

This is the first of a series of articles on the evolution of work co-operatives in Victoria. To gain an understanding of the motivation behind the development of such a co-operative, we're featuring in each issue a profile of an existing work co-operative. Here Tony Gill writes about the Ballarat Employment Co-operative.

### Motivation

The motivation that contributes to the organisation of a co-operative arises when people encounter problems that they cannot effectively deal with alone. Co-operation - working together to achieve a common goal - is a practice that has existed in this country since before the days of the first colonists.

### Common Goals

The work co-operatives that exist in Victoria today reflect the growing concern within local communities about the effects of prolonged unemployment on people. Although the co-ops do differ in many objectives, structure and management, all have common goals:

- to encourage the unemployed, particularly the young, to develop a spirit of co-operation, in creating socially useful and environmentally sound employment for themselves;
- to assist the unemployed to develop entrepreneurial skills;
- to encourage the community to acquire a better understanding of the social and economic impact of unemployment, and to foster support for work co-operatives.

### The Ballarat Employment Co-op

The project developed out of the need for an outlet for craft products made by young unemployed people in the local Community Youth Support Scheme. The project officers looked into a co-operative structure to assist in selling the items. The experience of the Maryborough Bootstap Co-operative showed that

an extensive study was needed of a suitable legal entity to respond to the needs of unemployed people.

### Feasibility Study

A community based initiating committee was formed in April, 1979, to prepare a submission to the Family and Community Support Scheme for a grant for a research person to carry out the study. The submission was accepted, and in June 1979 a research person and a market research consultant were employed.

The study found that it was not feasible to develop a craft outlet, as there were at least ten similar stores within a 15km. radius of Ballarat. Nonetheless, some of the unemployed people approached during the study wished to become self-employed. Many of them could not fulfil their goal because they lacked the financial resource to develop the idea, and the confidence in seeking expert advice. They were not aware of whom they could address their ideas to, and were ignorant of the business and management skills needed to develop a successful enterprise.

### Discouragement

It was clear the unemployed people were not encouraged to develop small businesses as a means of earning an income. For example, a survey of the local TAFE college found that the majority of students attending courses relating to social and business skills were already employed. Tuition fees were prohibitive to most unemployed people. Most financial institutions did not lend money or extend credit to low income earners. The list goes on.

### The NSW Program

As a result attention was directed to NSW. Three years ago the NSW government developed a co-operative program to assist young people develop entrepreneurial skills in a business environment. The emphasis of the program is on mutual aid, development of business and social skills, personal freedom and human development. There are now 18 work co-operatives operating in NSW, fulfilling the need outlined above.

### The Model for BECO

The Ballarat Employment Co-operative is based on the NSW work co-operative model.

In its brief history BECO has secured small contracts for its members, and developed a competent community advisory group. This group offers advice on accounting, marketing, legal and business matters. It has established links with business and community groups, and assisted interested unemployed people to develop a better understanding of the establishing of a small business.

Given funding, it is hoped to develop an equipment pool for use by unemployed members on work projects.

### A Positive Contribution

BECO, along with similar work co-operatives in Victoria and NSW, has proved that co-operation works. We hope that others will realise that work co-operation can make a positive contribution to the relief of unemployment.

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The success, relevance and interest of this regular feature depends on you.

Here is a selection of material, which is in no way intended to be comprehensive, garnered from our roving reporters.

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### Dixon mentions co-op program

The Minister for Employment and Training, Mr. Brian Dixon, spoke of the Victorian Government's acceptance of the proposed co-operative policy and program, at a meeting of the Victorian Chapter of the Institute of Management Consultants, on February 20.

He said an announcement would be made soon of a co-operative development program to provide support, infra-structure and funding. It was to enable community co-operatives to become self-sufficient business enterprises.

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### BECO Directors' meeting

The first directors' meeting of the Ballarat Employment Co-operative was held recently. Ches Di Chiera was elected chairman, and the board includes two unemployed women. There is a vacancy as yet for a seventh director.

A meeting for the BECO membership is planned for March 3 in Ballarat. For further details contact Tony Gill.

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### A Message from Bootstrap

Bootstrap Trading Co-op is in its second year now, and we've employed two people on full award wages all that time. Of course anyone associated with a young co-op knows that there are many more people working than that. After work, on weekends, in spare time.

A Message from Bootsrtp (cont.)

Most of our time seems to be going into financial records at the moment - keeping them current, following up debtors etc. But our next bursts of energy will be in fully exploring the potential of an old foot operated press, that we bought to cut out the chamois shapes ready for assembly into our range of products. We're hoping the press will bring down labour costs and improve the quality of our products. It will increase our potential to handle bulk orders.

Then it's back to marketing. What shall we make next? Will it sell? Will it be socially valuable?

Any industrial designers out there who can help us on this would be welcome.

And always, there is the co-operative problem: how can we be more truly co-operative within our co-operative? -workers, directors, volunteers, community. Not easy - but always learning!

Shalom.

Terry White

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Hard Times

Finally, the work co-operatives have delivered some hard copy to Hard Times, to be published early next month. Look for the articles on "Some Questions to Ask Yourself Before You start", and on lo compost in Brunswick.

Hard Times has set itself an extremely large scope, as a networking communication for just about everybody in the unemployment scene.

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NSW Views

The January, 1981, issue of Worklink has some interesting definitions of work co-operatives. The NSW movement sees them as:

- self-help employment organisations formed by people usually in weak economic positions, thus giving them a common bond;
- worker owned, with labour hiring capital;
- managed by the worker members themselves;
- distributing profits according to work input rather than capital input;
- socially responsible in the way they do business and the use they make of their profits;
- democratic organisations where mutual aid, social development, personal freedom, open communication and skills training are inbuilt features;
- ensuring quality performance in meeting real consumer needs;
- attempting to build a new base from which industrial development can be locally owned and controlled;
- co-operating in work projects with other work co-operatives throughout the State.

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Maryborough Producers and Recycling

PARC held its AGM in November of last year. Turnover for four months was almost \$18000. Rob Alliston says:

"In the words of a local cycle retailer, our Bicycle is amongst the most robust and high-quality machines on the Australian market."

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CO-OPERATIVE NEWS ROUND-UP (CONT.)

ANU Workshop

From the 2nd. to the 4th. July 1981, "Working Together: a national workshop on the emerging worker co-operative movement and other mechanisms of co-operation in work" will take place in Canberra.

It is being held under the auspices of the Centre for Continuing Education, P.O.Box 4, Canberra ACT 2600.

The workshop should bring together people from worker co-operatives, traditionally structured business, co-operatives, local government and relevant departments of state and federal governments.

Issues which could be considered at the workshop include:

- tax incentives for co-operatively organised business;
- other government incentives for co-operatively organised business;
- adequacy of existing financial institutions to answer the needs of worker co-operatives;
- alternative financing structures;
- uniform Co-operatives Act for Australia;
- human and economic benefits arising from co-operation in work;
- development of structures to give practical effect to co-operative principles in work.

Your ideas on what the workshop should deal with are urgently wanted.

Please pass this information on to anyone who could be interested, and please let us know of anyone we should contact.

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CO-OPERATIVE NEWS ROUND-UP (CONT.)

Meeting with the Premier - Dec. 1980

The following matters were discussed by representatives of Work Co-operatives in Victoria and the Premier, Mr. R.J. Hamer.

-the publication of a clear statement of policy setting out the Victorian Governments current and intended proposals towards the work co-operative concept, as part of an unemployment relief program;

-advice that adequate executive and administrative machinery has been set up to ensure the declared policies can and will be implemented;

-confirmation that these policies include provision of funds:

- for development of comprehensive publicity and promotional programs in consultation with representatives of existing work co-operatives;
- to enable feasibility studies to be undertaken to assess both the social value and economic viability of any proposed work co-operative;
- to assist in covering establishment costs, including Workers' Compensation insurance premiums, staffing, including sessional money for trainers, and initial capital costs;
- to assist in meeting initial development and consolidation costs;
- to meet the costs of at least one centrally located co-operative administration/management advisor with support staff;
- for which accountability for their use would be one condition of approval.

The Premier indicated the above proposals were in line with Government policy and current action. He suggested a submission should be made to the Minister for Employment and Training, Mr. Dixon.

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How's the submission to Dixon?

Bill Rawlinson, of the Co-operative Federation, and representatives of Victorian work co-operatives, prepared a brief to be submitted to the Minister for Employment and Training, Mr. Brian Dixon, on February 24.

Mr. Dixon declined the meeting with the deputation, and referred it to what used to be the Victorian Employment Committee support staff, now within his department.

The submission has nonetheless been placed in his hands, while we await the promised announcements.

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Ministry staff member speaks

At the January meeting of the work co-operatives of Victoria, Ministry of Employment and Training staff member, David Griffiths, made the following statements about the proposed policy for co-operatives from the Victorian Government.

He advised that the program and policy were currently under consideration by the Ministry, and that no decision was yet available. Requests for funding from the work co-operatives would have to be submitted, once a decision had been announced. Delays of up to 3 months in dealing with requests were possible. The impending end of the financial year might complicate proceedings somewhat.

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Problems for DO-IT Co-op

At the January meeting of work co-operatives, and the Association of Permanent Caroline Pennington, from DO-IT Co-op, Donvale, spoke of problems for a co-operative relying on community and local authority support for its development.

Although work is being found for its members, and church groups have actively supported the co-operative, DO-IT is currently housed in sub-standard accommodation. They are in the position of having to pay rent while the site is

under threat of resumption for redevelopment.

An appeal has been made to the Shire Council for nominated alternative accommodation.

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A Co-operative Bank

Maryborough PARC organiser, Rob Alliston, told the January meeting of work co-operatives of the problems of generating capital funds from traditional sources. He suggested that the establishment of a co-operative financial institution would assist other co-operatives and small businesses.

An example was the Worker's Bank associated with the Mondragon movement in Spain. This started in 1959 on the initiative of three co-operatives. The initial subscription was \$4,000. Members and the community put their savings into the bank, which soon had \$34,000 working capital.

15 years later, 54 branches with a staff of 250 handling \$120,000,000 in private depositors' funds, provided commercial as well as financial services to the movement. It lends at normal rates, and its operations conform to normal banking practice, but its purpose is to assist the movement rather than make large profits.

Bill Rawlinson reported that the Co-operative Federation has a policy of working towards the establishment of a co-operative financial institution. Discussions are currently being held with the Federation of Credit Union Leagues, the Association of Permanent Building Societies.

In Victoria, a central banking scheme for co-operatives is being studied.

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Next work co-ops meeting

Friday 6 March 1981, at 11am. at DO-IT Co-op, 89-101 Woodhouse Rd., Donvale. Phone 842 7436.

## COMMUNITY CO-OPERATIVES: THE EXPERIENCE

What is the collective experience of Victoria's community co-operatives? Our roving reporter offers the following observations.

### Mistakes

All the co-operatives have made mistakes that, in retrospect, were inevitable. At least one co-op representative was heard to say about this "...with hindsight, I could have predicted that".

While different in degrees, the mistakes have been common to all the co-operatives. The mistakes are inevitable in a situation of limited resources.

### Sustaining enthusiasm

Initial community enthusiasm for co-operatives is difficult to sustain after incorporation. It is difficult to get the community to back up its rhetoric and sympathy with continued practical and real support.

Perceived and actual success by the co-operative is critical to continuing and renewed support.

### Disagreements

It is not unusual for the co-ordinators, directors, members and workers of a co-operative to disagree in their assumptions and expectations. This could have a negative or a positive consequence.

People become involved in co-operatives for pragmatic and/or ideological reasons.

### Legal requirements

There are legal requirements which a co-operative, as a business, has to adopt and follow. Without doing so, it is breaking the law and committing an offence. It is therefore liable to prosecution.

### Individuals

All the co-operatives have tended to rely on a few individuals for organisational and ideological leadership.

### Taking on too much

The co-operatives have tended to initially over-extend themselves by involving too many people in too many projects.

Gradually, however, an emphasis on quality has replaced an emphasis on quantity.

### Co-operative education

Co-operative education is essential for co-ordinators, workers and directors.

All participants need to thoroughly understand co-operative principles and practice. This is either not pursued systematically or is being neglected.

### Smallness

All the co-operatives are small, in terms of the numbers of active participants. But ongoing involvement, commitment and relevant skills, and competence are more important than the size of the group.

### A slow process

Given time, achievement and success is possible. It is, however, a slow and gradual process.

### Finance

The co-operatives are under-capitalised, and lack access to adequate finance.